

**State of Utah****Department of
Natural Resources**

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Executive Director

**Division of
Oil, Gas & Mining**

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October 26, 2006

John Gefferth, Environmental Engineer
Consolidation Coal Company
P.O. Box 566
Sesser, Illinois 62884

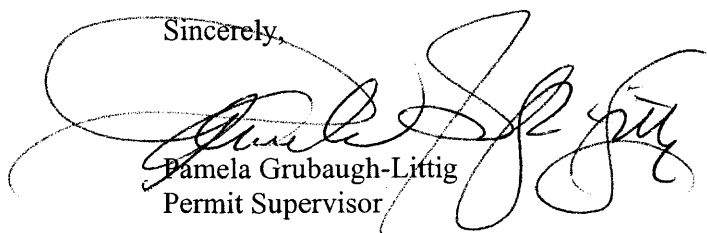
Subject: Minor Coal Exploration, Consolidation Coal Company, Emery Deep Mine,
C/015/0015, Task ID #2670, Outgoing File

Dear Mr. Gefferth:

The above-referenced Minor Exploration Letter of Intent is approved effective October 18, 2006. Please have a copy of the plan at the mine site upon inspection.

If you have any questions, please feel free to call me at (801) 538-5268 or Stephen J. Demczak at (435) 613-1146, Ext. 202.

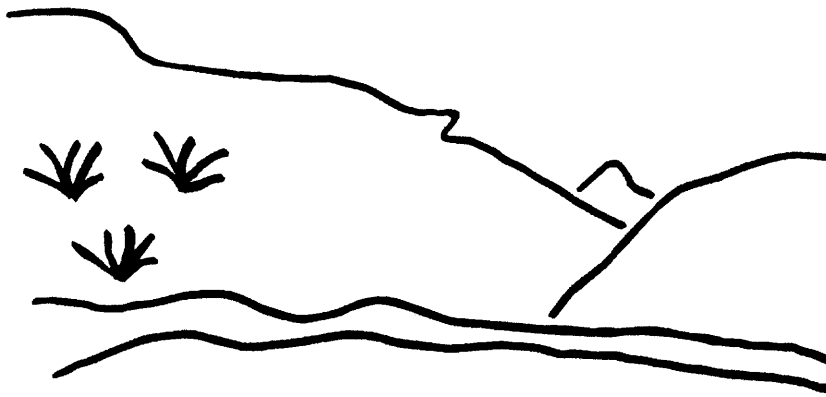
Sincerely,


Pamela Grubaugh-Littig
Permit Supervisor

SJD/sd
Enclosure

cc: Marc Stillson, Water Rights w/o
Dave Ariotti, DEQ w/o
Derris Jones, DWR w/o
Price Field Office
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State of Utah



Utah Oil Gas and Mining

Coal Regulatory Program

Emery Deep Mine
Minor Coal Exploration
C/015/015
Task ID #2670
Minor Exploration Analysis and Findings
October 13, 2006

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INTRODUCTION

EXPLORATION TECHNICAL ANALYSIS

INTRODUCTION

Consolidation Coal Company plans to drill three exploratory holes during Fall 2006. Two will be on Consol property and one will be on John and Vickie Byars' surface. The drill pads will be reclaimed immediately after drilling. The surface access agreement is provided in Appendix E.

There will be less than 250 tons of coal taken from these holes.

The applicant plans to start drilling in September of 2006 and will be finished by the end of December 2006.

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INTRODUCTION

COAL EXPLORATION

COAL EXPLORATION

Regulatory Reference: R645-200.

SCOPE AND RESPONSIBILITIES

Regulatory Reference: 30 CFR 772.1; 30 CFR 772.10; 30 CFR 772.11; R645-100-400; R645-200-100; R645-200-200; R645-201-100.

Analysis:

Consolidation Coal Company has submitted a Letter of Intent to conduct minor coal exploration. The permittee will remove less than 250 tons of coal. The applicant will drill three holes all on Fee Ground.

Findings:

The permittee has met the minimum requirements of this section.

REQUIREMENTS FOR NOTICE OF INTENTION TO CONDUCT MINOR COAL EXPLORATION

Regulatory Reference: 30 CFR 772.10; 30 CFR 772.11; R645-100-412; R645-201-200.

Analysis:

The applicant has given the required name and address and the responsible representative for conducting minor exploration.

Consolidation Coal will extract less than 250 tons of coal.

The permittee plans to conduct exploration on August 15, 2006, and plans to complete the project by December 15, 2006.

The applicant owns the surface of the exploration area including the roads to the site.

The applicant will disturb 0.2 acres per hole. The total is 0.6 acres.

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COAL EXPLORATION

Findings:

The permittee has met the minimum requirements of this section.

COMPLIANCE DUTIES

COMPLIANCE DUTIES

Regulatory Reference: 30 CFR 772.13; R645-202.

OPERATIONAL STANDARDS

Regulatory Reference: 30 CFR 772.13; R645-202-100.

Analysis:

Biology

Page 6 section 230 of the application references a vegetation survey of the proposed drill hole locations performed by Mt. Nebo Scientific, (Appendix A). Vegetation communities described in the report include greasewood and greasewood seepweed. However, the archaeological survey noted different communities for the project area. Observations regarding vegetative communities in future project inventories should coincide. According to the survey when compared to the current T & E plant and animal species list for Emery County there were no T & E species located within the proposed drill site locations. Wildlife is also described in this section with the proposed drill site locations being categorized by DWR as elk winter range. The application also includes the following wildlife information:

- A map outlining the Elk winter range,
- A current Threatened and Endangered species list for the county where the proposed drilling is located and a brief explanation regarding the presence or absence of T & E species located within the proposed drill site locations,
- A current raptor survey and a discussion regarding the status of any nests located within ½ mile of any of the proposed drill site locations and,
- A commitment to schedule a site visit with the Biologist from the Division and/or the DWR in the event drilling activities extend into the elk winter range exclusionary period, approximately November 20 through March 15.

The application includes a cultural resource inventory for the three proposed drilling locations, Appendix B. Montgomery Archeological Consultants under the guise of Montgomery and Stash conducted the survey in June of 2006. According to the survey results no cultural resources were identified and a finding of "no historic properties affected" was recommended. A copy of the survey has been forwarded to the State Historic Preservation Office. The Division received their concurrence by way of "E" mail correspondence on 10/02/2006.

COMPLIANCE DUTIES

Roads

The applicant will upgrade or build small extensions (fingers) to existing roads to gain access to the drill sites. These extensions will be reclaimed after the drilling is completed.

The application meets the hydrology Operational Standards for roads as provided in R645-202-232 (R645-301-742.410 through R645-301-742.420, R645-301-752.200, and R645-301-762).

Topsoil

Brattice cloth will be laid down within the pad area to protect in-situ soil. Topsoil will only be disturbed if grading work is required (other than plant grubbing) is required to level the pad). No such grading is anticipated, due to the level sites chosen (see photographs in App A.).

Diversions of Overland flows and streams

The applicant will not be crossing any overland flows or streams to gain access to the drill sites. The drill pads will not be located in overland flow areas.

Hydrologic Balance

The application meets the hydrology Operational Standards for hydrologic balance as provided in **R645-202-235**. The application states that the coal exploration will be conducted in a manner that minimizes disturbance to the prevailing hydrologic balance. During exploration, the surface disturbance will be minimal. The surface disturbance will be primarily associated with efforts to level the rig and associated structures. Since surface disturbance will be minimized, no additional runoff during precipitation events is anticipated. No impoundments to contain runoff will be necessary.

Acid- or toxic forming materials

Applicant was notified that the drill logs and chemical analyses required by R645-301-624.300 for the First North IBC and future expansion represented by these cores should be provided to the Division.

No acid and toxic material is anticipated, however, if drilling fluids are required a portable mud pit will be used. Cuttings will be moved to a State-approved landfill.

COMPLIANCE DUTIES

Findings:

The applicant has requested that the cultural information be kept away from the public.

RECLAMATION STANDARDS

Regulatory Reference: 30 CFR 772.13; R645-202-200.

Analysis:

Approximate original contour

The applicant will return the drill pads and constructed roads to approximate original contour.

Revegetation

Sites will be reclaimed immediately after drilling. The topsoil will be replaced or the site soils will be roughened using a disc. Seed will be broadcast. The native seed mix is given on page 5 of the application.

Boreholes

The applicant plans to reclaim all holes by cementing from ground level to the bottom of the drill hole. A brass tag will be placed in the top of the cement plug.

Facilities and Equipment

The applicant will remove all equipment and facilities once drill is completed.

Findings:

The applicant has requested that the cultural information be kept away from the public.

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COMPLIANCE DUTIES

PUBLIC AVAILABILITY OF INFORMATION

PUBLIC AVAILABILITY OF INFORMATION

Regulatory Reference: 30 CFR 772.15; R645-203.

Analysis:

The applicant has requested that the cultural information be kept away from the public.

Findings:

The permittee has met the minimum requirements of this section.